

# Q2 2019 REPORT ON ENERGY TRUST OF OREGON'S ACTIVITIES FOR NW NATURAL IN WASHINGTON

April 1, 2019, through June 30, 2019

This quarterly report covers the period April 1 through June 30, 2019, and addresses progress toward 2019 goals for the NW Natural energy-efficiency program in Washington. It includes information on expenditures, gas savings, projects completed and incentives paid during the quarter and year-to-date.

## I. PROGRAM SUMMARY

### A. General

- **Energy Trust achieved 26% of its 2019 annual savings goal through Q2**, exceeding the 20% of annual goal expected through Q2.
- **Savings are typically lower in the first half of the year** as more studies and assessments are completed compared to the second half of the year when more projects close. This report, in part, focuses on the development of those potential projects expected to save energy by year-end.

### B. Commercial sector highlights

- **The commercial sector recognized nearly 14% of its annual savings goal in Q2**, which is on track with historical program savings trends.
- **Commercial savings in Q2 were primarily from energy-efficient foodservice equipment, custom building controls, condensing tank water heaters and boilers.**
- **The program continues to work with different school districts** including Vancouver, Camas, La Center and Evergreen to identify efficiency opportunities in new schools and renovation projects. There are currently eight projects in the pipeline (three new schools and five retrofit projects) with the potential for 14 more (two new schools and twelve retrofit projects).
- **The program developed two new offerings for introduction to the market later this year**, including a foodservice incentive for conveyor broilers and an incentive for domestic hot water recirculation controls.
- **The program presented at the Clark County Green Business workshop**, focusing on foodservice processes in breweries and energy efficiency opportunities. Ten Washington breweries were represented at the workshop, resulting in two upcoming energy efficiency projects at breweries.
- **A trade ally event in Southwest Washington was held in June for commercial and residential trade allies.** The president of the Clark Regional Economic Council provided an update on the economic outlook for the region. Program representatives provided details about midyear measure releases and program updates.

### C. Residential sector highlights

- **The residential sector recognized 20% of its annual savings goal in Q2**, which is slightly higher than historical program savings trends.
- **The primary driver of Q2 savings is a stronger quarter for savings in EPS™ new home construction**, resulting in a 22% increase in savings from Q2 2018.
- **Smart thermostat savings were down in Q2 when compared to 2018.** This is attributed to a slight reduction of manufacturer advertising campaigns and promotions for smart thermostats.

Smart thermostat savings are anticipated to increase in the latter half of the year as marketing efforts and manufacturer promotions ramp up in conjunction with holidays.

- **Year-to-date savings from showerheads declined more than 75% when compared to 2018.** While the number of showerheads installed remains similar to 2018, the amount of energy savings Energy Trust can claim per showerhead declined due to updated impact evaluations.
- **Energy Trust implemented a \$100 gas furnace bonus** available through 2019. In combination with the standard \$200 market rate incentive or \$550 incentive for rental properties, trade allies can now offer a total of \$300 to \$650 for eligible furnace upgrades through the end of the year.
- **In Q2, customers purchased energy-efficient products** including 198 showerheads, 392 gas fireplaces and five gas tank water heaters. These midstream offers were provided to distributors and retailers, passing the benefits on to both consumers and contractors as instant discounts, reducing barriers to participation and lowering costs of delivery.
- **Outreach to multifamily customers** focused on establishing relationships with multiple rental property management companies and promoting the rental furnace incentive launched in Q1 2019.

#### D. Program evaluations

- In Q2, Energy Trust finalized the 2018 Existing Buildings process evaluation. This report can be found online at <https://www.energytrust.org/about/reports>.
- In 2019, Energy Trust anticipates completing a Residential program process evaluation which will include Washington. A link to the evaluation report will be provided when available.

#### E. Washington Utilities and Transportation Commission performance metrics

The table below compares quarterly results to 2019 goals, as established in NW Natural's Energy Efficiency Plan for Washington (filed December 2018).

##### 2019 results compared to goals

| Metrics                            | Goal             | 2019 YTD          | Q1 results        | Q2 results        | Q3 results        | Q4 results        |
|------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Therms Saved                       | 369,196          | 94,562            | 29,106            | 65,456            |                   |                   |
| Total Program Costs                | \$2,432,821      | \$873,945         | \$409,701         | \$464,244         |                   |                   |
| Average Levelized Cost Per Measure | Less than \$0.65 | \$0.68            | \$1.06            | \$0.51            |                   |                   |
| Utility Cost at Portfolio Level    | Greater than 1.0 | Reported annually |

- This table does not include savings goal or budget associated with NW Natural's Washington Low-Income Energy Efficiency program delivery.
- Northwest Energy Efficiency Alliance gas market transformation activities are not included in this table.

## II. QUARTERLY RESULTS<sup>1,2</sup>

### A. Expenditures

|                           |                            | Actual            | Budgeted          | Variance          |
|---------------------------|----------------------------|-------------------|-------------------|-------------------|
|                           |                            | expenditures Q2   | expenditures Q2   |                   |
| Commercial program        | Commercial                 | \$ 128,772        | \$ 170,017        | \$ 41,246         |
|                           | Commercial administration  | \$ 6,382          | \$ 11,843         | \$ 5,461          |
|                           | <b>Commercial total</b>    | <b>\$ 135,153</b> | <b>\$ 181,860</b> | <b>\$ 46,707</b>  |
| Residential program       | Residential                | \$ 312,756        | \$ 302,924        | \$ (9,832)        |
|                           | Residential administration | \$ 16,335         | \$ 17,281         | \$ 946            |
|                           | <b>Residential total</b>   | <b>\$ 329,091</b> | <b>\$ 320,205</b> | <b>\$ (8,886)</b> |
| <b>Total expenditures</b> |                            | <b>\$ 464,244</b> | <b>\$ 502,066</b> | <b>\$ 37,821</b>  |

### B. Incentives paid

|                         | Actual incentives Q2 | Actual expenditures Q2 | Percent incentives/<br>expenditures |
|-------------------------|----------------------|------------------------|-------------------------------------|
| Commercial program      | \$ 42,180            | \$ 135,153             | 31%                                 |
| Residential program     | \$ 212,631           | \$ 329,091             | 65%                                 |
| <b>Total incentives</b> | <b>\$ 254,810</b>    | <b>\$ 464,244</b>      | <b>55%</b>                          |

### C. Savings

|                          |                               | Therms        | Annual         | Percent     | Levelized      |
|--------------------------|-------------------------------|---------------|----------------|-------------|----------------|
|                          |                               | saved Q2      | goal           | achieved Q2 | cost/therm     |
| Commercial program       | Existing Buildings - custom   | 4,654         | 44,100         | 11%         |                |
|                          | Existing Buildings - standard | 7,335         | 32,765         | 22%         |                |
|                          | New Buildings - standard      | 8,187         | 70,616         | 12%         |                |
| <b>Commercial total</b>  |                               | <b>20,176</b> | <b>147,481</b> | <b>14%</b>  | <b>\$ 0.63</b> |
| Residential program      | Home retrofit                 | 13,832        | 135,425        | 10%         |                |
|                          | Midstream and retail          | 2,677         | 9,897          | 27%         |                |
|                          | Small multifamily             | 141           | 7,279          | 2%          |                |
|                          | EPS new construction          | 28,630        | 69,114         | 41%         |                |
| <b>Residential total</b> |                               | <b>45,280</b> | <b>221,714</b> | <b>20%</b>  | <b>\$ 0.49</b> |
| <b>Total savings</b>     |                               | <b>65,456</b> | <b>369,196</b> | <b>18%</b>  | <b>\$ 0.51</b> |

- Quarterly savings are anticipated as follows: 10% of annual savings in Q1, 10% of annual savings in Q2, 25% of annual savings in Q3 and 55% of annual savings in Q4.
- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q3 to reflect adjustment factors in Existing Buildings (0.81) and New Buildings (0.94) programs.

<sup>1</sup> NEEA expenditures, incentives and savings excluded per NW Natural Washington's Energy Efficiency Plan.

<sup>2</sup> Columns may not total due to rounding.

### III YEAR-TO-DATE RESULTS<sup>3,4</sup>

#### A. Activity highlights—sites served

|   | Q1 | Q2 | Q3 | Q4 | Total |
|---|----|----|----|----|-------|
| <b>Commercial</b>                         |    |    |    |    |       |
| Boiler                                    | -  | 1  |    |    | 1     |
| Building operator certification incentive | -  | 2  |    |    | 2     |
| Commercial laundry washer                 | -  | -  |    |    | -     |
| Commercial tankless water heater          | 3  |    |    |    | 3     |
| Condensing tank water heater              | -  | 2  |    |    | 2     |
| Custom building controls                  | 1  | 1  |    |    | 2     |
| Custom water heater                       | -  | 1  |    |    | 1     |
| Dishwasher                                | -  | 1  |    |    | 1     |
| Gas convection oven                       | 1  | 2  |    |    | 3     |
| Gas combination oven                      | -  | -  |    |    | -     |
| Gas fryer                                 | 4  | 11 |    |    | 15    |
| Gas griddle                               | -  | -  |    |    | -     |
| Infrared radiant heater                   | -  | -  |    |    | -     |
| Pipe insulation                           | -  | -  |    |    | -     |
| Roof insulation                           | -  | -  |    |    | -     |
| Studies                                   | 2  | 4  |    |    | 6     |
| Wall insulation                           | -  | -  |    |    | -     |

|                            | Q1  | Q2  | Q3 | Q4 | Total |
|----------------------------|-----|-----|----|----|-------|
| <b>Residential</b>         |     |     |    |    |       |
| Energy Saver Kits          | -   | 40  |    |    | 40    |
| Gas furnaces               | 78  | 80  |    |    | 158   |
| Gas hearths                | 22  | 19  |    |    | 41    |
| Insulation                 | 1   | 2   |    |    | 3     |
| Online Home Energy Reviews | 12  | 21  |    |    | 33    |
| Smart thermostats          | 57  | 56  |    |    | 113   |
| Tankless water heaters     | 3   | 8   |    |    | 11    |
| Windows                    | 37  | 47  |    |    | 84    |
| EPS new construction       | 130 | 284 |    |    | 414   |

- This table of sites served excludes offerings purchased from distributors and retailers (gas fireplaces, showerheads and gas tank water heaters) because Energy Trust does not receive site data for those purchases.

<sup>3</sup> NEEA expenditures, incentives and savings excluded per NW Natural Washington's Energy Efficiency Plan.

<sup>4</sup> Columns may not total due to rounding.

## B. Revenue

| Source     | Actual revenue YTD | Budgeted revenue YTD |
|------------|--------------------|----------------------|
| NW Natural | \$ 800,000         | \$ 800,000           |

## C. Expenditures

|                           |                            | Actual expenditures YTD | Budgeted expenditures YTD | Variance           |
|---------------------------|----------------------------|-------------------------|---------------------------|--------------------|
| Commercial program        | Commercial                 | \$ 271,937              | \$ 353,874                | \$ 81,937          |
|                           | Commercial administration  | \$ 15,799               | \$ 23,359                 | \$ 7,560           |
|                           | <b>Commercial total</b>    | <b>\$ 287,736</b>       | <b>\$ 377,233</b>         | <b>\$ 89,497</b>   |
| Residential program       | Residential                | \$ 554,023              | \$ 533,117                | \$ (20,906)        |
|                           | Residential administration | \$ 32,187               | \$ 34,085                 | \$ 1,898           |
|                           | <b>Residential total</b>   | <b>\$ 586,210</b>       | <b>\$ 567,203</b>         | <b>\$ (19,007)</b> |
| <b>Total expenditures</b> |                            | <b>\$ 873,945</b>       | <b>\$ 944,436</b>         | <b>\$ 70,490</b>   |

## D. Incentives paid

|                         | Actual incentives YTD | Actual expenditures YTD | Percent incentives/expenditures |
|-------------------------|-----------------------|-------------------------|---------------------------------|
| Commercial program      | \$ 74,501             | \$ 287,736              | 26%                             |
| Residential program     | \$ 297,047            | \$ 586,210              | 51%                             |
| <b>Total incentives</b> | <b>\$ 371,548</b>     | <b>\$ 873,945</b>       | <b>43%</b>                      |

- Incentives paid account for approximately 50% of year-to-date program expenses, when total program expenses are adjusted down by 15% to account for costs that a utility-delivered program would recover through rates.

## E. Savings

|                          |                               | Therms saved YTD | Annual goal    | Percent achieved YTD | Levelized cost/therm |
|--------------------------|-------------------------------|------------------|----------------|----------------------|----------------------|
| Commercial program       | Existing Buildings - custom   | 10,456           | 44,100         | 24%                  |                      |
|                          | Existing Buildings - standard | 9,805            | 32,765         | 30%                  |                      |
|                          | New Buildings - standard      | 8,187            | 70,616         | 12%                  |                      |
| <b>Commercial total</b>  |                               | <b>28,448</b>    | <b>147,481</b> | <b>19%</b>           | <b>\$ 0.98</b>       |
| Residential program      | Home retrofit                 | 25,798           | 135,425        | 19%                  |                      |
|                          | Midstream and retail          | 3,686            | 9,897          | 37%                  |                      |
|                          | Small multifamily             | 297              | 7,279          | 4%                   |                      |
|                          | EPS new construction          | 36,332           | 69,114         | 53%                  |                      |
| <b>Residential total</b> |                               | <b>66,114</b>    | <b>221,714</b> | <b>30%</b>           | <b>\$ 0.61</b>       |
| <b>Total savings</b>     |                               | <b>94,562</b>    | <b>369,196</b> | <b>26%</b>           | <b>\$ 0.68</b>       |

- Savings realization adjustment factors have not been applied to commercial sector savings due to technical constraints. Energy Trust will adjust savings in Q3 to reflect adjustment factors in Existing Buildings (0.81) and New Buildings (0.94) programs.